

# Capital Improvement Plan

The Adopted 2000-2009 Capital Improvement Program (CIP) is presented to the Mayor and City Council, as a separate document, concurrently with the operating budget. The capital program represents a projection for infrastructure construction and reconstruction over the next decade.

**HIGHLIGHTS.** The schedule of new capital projects represents the efforts of the City to address critical infrastructure needs based on evaluations of:

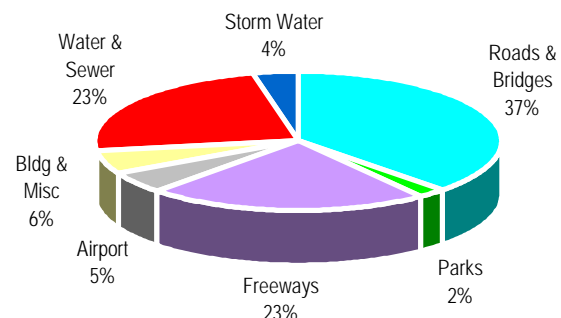
- ◆ Need for new capital construction to support community growth and development,
- ◆ Existing infrastructure reconstruction requirements,
- ◆ Capital investments necessary to improve services to the public,
- ◆ Coordination with available federal/state grant funding, and
- ◆ Local financing capabilities based on prior City Council policy determinations, including designated mill levy support (approximately 10 mills) and use of local sales tax revenues.

**CIP Development and Capacity Forecasting.** The development of the Capital Improvement Program is coordinated by the CIP Administrative Committee which includes senior staff from City departments. The process includes:

- ✓ Confirmation of existing debt obligations and funding sources required to defray these costs.
- ✓ Verification of all open/outstanding capital projects which require future debt financing.
- ✓ Projection of revenues and expenditures on a multi-year basis, first to meet existing debt obligations and then to project debt financing capacity for new capital project costs, and
- ✓ Proposals for future capital project costs based on the past CIP and Staff's understanding of City Council and community needs to the extent that those future project costs can be sustained given projections of the revenue stream and debt capacity.

**The Capital Improvement Program.** The adopted CIP meets existing debt service obligations as well as future debt obligations for current capital projects and new capital projects approved for 2000-2009. The 2000-2009 Capital Improvement Program exceeds \$1.3 billion over the ten-year period.

**2000-2009 Capital Improvement Program**  
**\$1,302,599,000**



As shown in the chart, the City's capital program is diverse in meeting capital needs for new and reconstructed roadways, parks, public facilities, infrastructure for new residential development, downtown development, public transit, and City enterprises (water, sewer, storm water, airport and golf). The Capital Improvement Program includes hundreds of projects: [1] Capital projects initiated in prior years; and [2] New projects proposed over the next ten years.

Revenues to finance the CIP include property tax (10 mills), providing 16% of the financial resources. Another significant revenue source is federal/state grants at 25% of the total. New residential development capital costs are paid from special assessments at 10%. The City's enterprise activities (water, sewer, storm water, airport and golf) fund capital projects through fees constituting 27% of total CIP financial resources. Local Sales Tax funding of 15% of the proposed CIP is based on a projection of freeway (Kellogg) construction segments in both east and west Wichita. The remaining 7% of the CIP is provided through miscellaneous sources.

The City finances capital projects in a variety of ways: general obligation bonds/notes, revenue bonds, grants and cash. The most significant of these is general obligation (GO) bonds based on the full faith and credit of the City. GO bonds provide debt financing not only for property tax funded projects, but for capital projects with debt paid by enterprises (e.g., Airport, Golf, Storm Water) and special revenues (e.g., Guest Tax). Based on generally accepted accounting principles, the debt service payments for GO debt are spread either to the Debt Service Fund or the various enterprise and internal service funds, as appropriate.

The Staff worked diligently to craft a Capital Improvement Program based on known policy parameters of the City Council, as well as an understanding of the community's desire for a balanced capital plan which addresses a wide diversity of City infrastructure needs. Not all needs can be met:

- The Local Sales Tax, by itself, will not be sufficient to construct all elements of the community's planned freeway system.
- Storm Water projects are substantially below projections of critical needs.
- Funding for a major expansion and renovation of maintenance facilities is only included to cover further design/location studies.
- Funding for several major new parks is not included beyond initial preliminary design.
- Other capital projects (in all categories) could not be scheduled within the ten-year CIP.

The governing body has adopted a 2000-2009 Capital Improvement Program. Upon adoption, the 2000/2001 CIP years became a capital budget for purposes of project initiation with the remainder of the period (2002-2009) a CIP planning period.